

(g) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2110, Land and Support Assets, or in the appropriate outside plant account (see Account 2410), or in the appropriate central office account (see Accounts 2210 through 2230).

32.3000 Instructions for balance sheet accounts - depreciation and amortization.

Subsidiary record categories shall be maintained by depreciable category according to GAAP.

Depreciation and Amortization Accounts are to be as indicated:

<u>Account Title</u>	<u>Account</u>
Depreciation and Amortization:	
Accumulated depreciation	3100
Accumulated depreciation-Held for future telecommunications use	3200
Accumulated depreciation-Nonoperating	3300
Accumulated amortization-Tangible	3400
Accumulated amortization-Intangible	3500
Accumulated amortization-Other	3600

§ 32.3100 Accumulated depreciation.

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2001, Telecommunications Plant in Service.

(b) This account shall be credited with depreciation amounts concurrently charged to Account 6560, Depreciation and Amortization Expense. (Note also Account 3300, Accumulated Depreciation-Nonoperating.)

(c) At the time of retirement of depreciable operating telecommunications plant, this account shall be charged with the original cost of the property retired plus the cost of removal and credited with the salvage value and any insurance proceeds recovered.

§ 32.3200 Accumulated depreciation - held for future telecommunications use.

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2002, Property Held for Future Telecommunications Use.

(b) This account shall be credited with amounts concurrently charged to Account 6560, Depreciation and Amortization Expense.

§ 32.3300 Accumulated depreciation - nonoperating.

(a) This account shall include the accumulated amortization and depreciation associated with the investment contained in Account 2006, Nonoperating Plant.

(b) This account shall be credited with amortization and depreciation amounts concurrently charged to Account 7300, Nonoperating Income and Expense

(c) When nonoperating plant not previously used in telecommunications service is disposed of, this account shall be charged with the amount previously credited hereto with respect to such property and the book cost of the property so retired less the amount chargeable to this account and less the value of the salvage recovered or the proceeds from the sale of the property shall be included in Account 7300 Nonoperating Income and Expense. In case the property had been used in telecommunications service previous to its inclusion in Account 2006, Nonoperating Plant, the amount accrued for depreciation thereon after its retirement from telecommunications service shall be charged to this account and credited to Account 3100, Accumulated Depreciation and the accounting for its retirement from Account 2006 shall be in accordance with that applicable to telecommunications plant retired.

§ 32.3400 Accumulated amortization - tangible.

This account shall be used to record accumulated amortization of the type and character listed below.

(a) This account shall include the accumulated amortization associated with 2680, Investment and Leasehold Improvements.

(b) This account shall be credited with amounts for the amortization of capital leases and leasehold improvements concurrently charged to Account 6560, Depreciation and Amortization Expense.

(c) When any item carried in Account 2680 is sold, is relinquished, or is otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited to Account 7100, Other Operating Income and Expense or Account 7300, Nonoperating Income and Expense as appropriate.

§ 32.3500 Accumulated amortization - intangible.

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2690, Intangibles.

(b) This account shall be credited with amortization amounts concurrently charged to Account 6550, Depreciation and Amortization Expense.

(c) When any item carried in Account 2690 is sold, relinquished, or otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with software shall be debited to Account 6560, Depreciation and Amortization Expense. Remaining amounts for all other items shall be debited to Account 7300, Nonoperating Income and Expense.

§ 32.3600 Accumulated amortization - other.

(a) This account shall include the accumulated amortization associated with the investment contained in Account 2005, Telecommunications Plant Adjustment.

(b) This account shall be credited with amortization amounts concurrently charged to Account 6560, Depreciation and Amortization Expense. (Note also Account 3300, Accumulated Depreciation-Nonoperating.)

(c) When any item carried in Account 2005 is sold, relinquished, or otherwise retired from service, this account shall be charged with the cost of the retired item. Remaining amounts associated with the item shall be debited Account 7300, Nonoperating Income and Expense.

§ 32.4000 Instructions for balance sheet accounts - liabilities and stockholders' equity.

Liabilities and Stockholders' Equity Accounts to Be Maintained:

<u>Account Title</u>	<u>Account</u>
Current Liabilities:	
Accounts Payable	4010
Notes payable	4020
Advance billing and payments	4030
Customer deposits	4040
Current maturities-long term debt	4050
Current maturities-capital leases	4060
Income taxes-accrued	4070
Other taxes-accrued	4080
Net current deferred operating income taxes	4100
Net current deferred nonoperating income taxes	4110
Other accrued liabilities	4120
Other current liabilities	4130
Long-term debt:	
Funded debt	4210
Premium on long-term debt	4220
Discount on long-term debt	4230
Reacquired debt	4240
Obligations under capital leases	4250
Advances from affiliated companies	4260
Other long-term debt	4270

Other liabilities and deferred credits:	
Other long-term liabilities	4310
Unamortized operating investment tax credits - net	4320
Unamortized nonoperating investment tax credits-net	4330
Net noncurrent deferred operating taxes	4340
Net deferred tax liability adjustments	4341
Net noncurrent deferred nonoperating income taxes	4350
Other deferred credits	4360
Deferred tax regulatory liability	4361
Stockholders' Equity:	
Capital stock	4510
Additional paid-in capital	4520
Treasury stock	4530
Other capital	4540
Retained earnings	4550

§ 32.4010 Accounts payable.

(a) This account shall include all amounts currently due to others for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts. It shall also include amounts of taxes payable that have been withheld from employees' salaries.

(b) There shall be included herein accounts payable arising from sharing of revenues.

§ 32.4020 Notes payable.

(a) This account shall include the face amount of notes, drafts, and other evidences of indebtedness issued or assumed by the company (except interest coupons) which are payable on demand or not more than one year or less from date of issue.

(b) If any part of an obligation, otherwise includable in this account matures more than one year from date of issue, it shall be included in Account 4210, Funded Debt, 4260, Advances from Affiliated Companies, or other appropriate account.

(c) The records supporting the entries to this account shall be kept so that the company can furnish complete details as to each note, when it is issued, the consideration received, and when it is payable.

§ 32.4030 Advance billing and payments.

This account shall include the amount of advance billing creditable to revenue accounts in future months; also advance payments made by prospective customers prior to the establishment of service. Amounts included in this account shall be credited to the appropriate revenue accounts in the months in which the service is rendered or cleared from this account as refunds are made.

§ 32.4040 Customers' deposits.

(a) This account shall include the amount of cash deposited with the company by customers as security for the payment for telecommunications service.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1300, Prepaid Taxes, or 1410, Other Noncurrent Assets, as appropriate.

§ 32.4050 Current maturities - long-term debt.

This account shall include the amount (including any obligations for premiums) of long-term debt matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

§ 32.4060 Current maturities - capital leases.

This account shall include the current portion of obligations applicable to property obtained under capital leases.

§ 32.4070 Income taxes - accrued.

(a) This account shall be credited or charged and the following accounts shall be charged or credited with the offsetting amount of current year income taxes (Federal, state and local) accrued during the period or adjustments to prior accruals:

7200	Operating Taxes
7400	Nonoperating Taxes
7600	Extraordinary Items

(b) If significant, current year income taxes paid in advance shall be reclassified to Account 1300, Prepaid Taxes.

§ 32.4080 Other taxes - accrued.

(a) This account shall be credited or charged and Account 7200, Operating Taxes, or 7400, Nonoperating Taxes, or for payroll related costs, the appropriate expense accounts shall be charged or credited for all taxes, other than Federal, State and local income taxes, accrued or adjusted for previous accruals during the period. Among the taxes includable in this account are property, gross receipts, franchise, capital stock, social security and unemployment taxes.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1300, Prepaid Taxes, or 1410, Other Noncurrent Assets, as appropriate.

§ 32.4100 Net current deferred operating income taxes.

(a) This account shall include the balance of income tax expense related to current items from regulated operations which have been deferred to later periods as a result of the normalized method of accounting for tax differentials authorized by this Commission and not provided for elsewhere.

(b) As regulated assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4340, Net Noncurrent Deferred Operating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being debited or credited to Account 7200, Operating Taxes, in accordance with that account's description and § 32.22 of Subpart B.

(d) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

§ 32.4110 Net current deferred nonoperating income taxes.

(a) This account shall include the balance of income tax expense resulting from comprehensive interperiod tax allocation which has been deferred to later periods.

(b) As other assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being credited or debited to Account 7400, Nonoperating Taxes, in accordance with that account's description and § 32.22 of Subpart B.

(d) This account shall also include the balance of the income taxes (Federal, state and local)

related to current extraordinary items which have been deferred to later periods resulting from comprehensive interperiod tax allocation.

(e) As the extraordinary item which generated the deferred income tax becomes current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(f) This account shall be debited or credited with the amount being credited and debited to Account 7600, Extraordinary Items.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

§ 32.4120 Other accrued liabilities.

(a) This account shall include the amount of wages, compensated absences, interest on indebtedness of the company, dividends on capital stock and rents accrued to the date for which the balance sheet is made, but not payable until after that date.

(b) This account shall be maintained so as to show separately the amount and nature of the items accrued to the date of the balance sheet.

(c) Matured rents, dividends and interest shall be included in Account 4010, Accounts Payable.

(d) Interest payable under monthly settlements on short-term loans, advances, and open accounts shall be included in Account 4010.

§ 32.4130 Other current liabilities.

This account shall include liabilities of current character which are not includable in Accounts 4010 through 4120.

§ 32.4210 Funded debt.

(a) This account shall include the total face amount of unmatured debt, maturing more than one year from date of issue, issued by the company and not retired, and the total face amount of similar unmatured debt of other companies, the payment of which has been assumed by the company, including funded debt the maturity of which has been extended by specific agreement.

(b) This account shall include such items as mortgage bonds, collateral trust bonds, income bonds, convertible debt, debt securities with detachable warrants and other similar obligations maturing more than one year from date of issue.

(c) In the case of debt securities with detachable warrants this account shall include only the

face amount of the security at the time of issuance. The value of detachable warrants shall be charged to either Account 4220, Premium on Long-Term Debt, or Account 4230, Discount on Long-Term Debt, as appropriate, and credited to Account 4520, Additional Paid-in Capital, in the case of capital stock warrants or retained in this account as a separately identifiable amount in the case of detachable long-term debt warrants. No similar allocation shall be made for the issuance of either convertible debt or debt securities with non-detachable warrants.

(d) Securities maturing in one year or less, including securities maturing serially, shall be included in Account 4050, Current Maturities -Long-Term Debt.

(e) Investment advances, including those represented by notes, shall be included in Account 4270, Other Long-Term Debt.

§ 32.4220 Premium on long-term debt.

(a) This account shall include the premium associated with all classes of long-term debt. Premium, as applied to securities issued or assumed by the company, means the excess of the current money value received at their sale over the sum of their book or face amount and interest or dividends accrued at the date of the sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and credited to Account 7510, Interest on Funded Debt. (Note also § 32.4210(c) of this subpart.)

§ 32.4230 Discount on long-term debt.

(a) This account shall include the discount associated with all classes of long-term debt. Discount, as applied to securities issued or assumed by the company, means the excess of the book or face amount of the securities plus interest or dividends accrued at the date of the sale over the current money value of the consideration received at their sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and charged to Account 7500, Interest and Related Items. (Note also § 32.4210 (c) of this subpart.)

§ 32.4240 Reacquired debt.

This account shall include the face amount of debt reacquired prior to maturity that has not been retired. Gain or loss shall be recognized at the time of reacquisition by credits or charges to Account 7300, Nonoperating Income and Expense, except that material gains or losses shall be treated as extraordinary. (See Account 7600, Extraordinary Items).

§ 32.4250 Obligations under capital leases.

(a) This account shall include the noncurrent portion of obligations applicable to property obtained under capital leases.

(b) Amounts subject to current settlement shall be included in Account 4060, Current Maturities-Capital Leases.

§ 32.4260 Advances from affiliated companies.

(a) This account shall include the amount of advances from affiliated companies.

(b) Amounts due affiliated companies which are subject to current settlement shall be included in Account 4010 or 4020, as appropriate.

§ 32.4270 Other long-term debt.

This account shall include long-term debt not provided for elsewhere.

§ 32.4310 Other long-term liabilities.

This account shall include amounts accrued to provide for such items as unfunded pensions (if actuarially determined), death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere.

§ 32.4320 Unamortized operating investment tax credits - net.

(a) This account shall be credited and Account 7200, Operating Taxes, should be debited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

(b) This account shall be debited and Account 7200 credited with a proportionate amount determined in relation to the period of time used for computing book depreciation on the property to which the tax credit relates.

§ 32.4330 Unamortized nonoperating investment tax credits - net.

(a) This account shall be credited and Account 7400, Nonoperating Taxes, shall be debited with investment tax credits generated from qualified expenditures related to other operations which the

company has elected to defer rather than recognize currently in income.

(b) This account shall be debited and Account 7400 credited with a proportionate amount determined in relation to the useful book life of the property to which the tax credit relates.

§ 32.4340 Net noncurrent deferred operating income taxes.

(a) This account shall include the deferred tax effects of all unreversed temporary differences as defined under SFAS No. 109. (i.e., SFAS No. 109 requires that unreversed temporary differences should be stated at the rate the tax will be paid).

(b) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

(c) This account shall be exempt from the vintage year detail record requirements of Section 32.22(e)(2).

§ 32.4350 Net noncurrent deferred nonoperating income taxes.

(a) This account shall include the balance of income tax expense (Federal, state and local) that has been deferred to later periods as a result of comprehensive interperiod allocation related to nonoperating temporary differences.

(b) This account shall be credited or debited, as appropriate, and Account 7400, Nonoperating Taxes, shall reflect the offset for the tax effect of revenues from other operations and extraordinary items and nonoperating expense which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of nonoperating expenses and extraordinary items and nonoperating income which have been included in the determination of book income prior to the inclusion in the determination of taxable income.

(c) As other assets or liabilities which generated the prepaid income tax or deferred income tax are reclassified from long-term or non-current status to current status, the appropriate deferred income tax shall be reclassified from this account to account 4110, Net Current Deferred Nonoperating Income Taxes.

(d) This account shall also include the balance of the income tax effect (Federal, State and local) related to noncurrent extraordinary items which have been included in the determination of taxable income in a period different from when it is included in the determination of book income, that is, more than one year.

(e) This account shall be charged or credited with the contra amount recorded to Account 7600, Extraordinary Items, in accordance with paragraph § 32.22 of Subpart B.

(f) As the extraordinary item which generated the deferred income tax becomes current, the

appropriate deferred income tax shall be reclassified from this account to Account 4110, Net Current Deferred Nonoperating Income Taxes.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

§ 32.4360 Other deferred credits.

This account shall include the amount of all deferred credits not provided for elsewhere, such as amounts awaiting adjustment between accounts; and revenue, expense, and income items in suspense.

§ 32.4361 Deferred Tax Regulatory Liability.

(a) This account shall include amounts of probable future net reductions in revenues future revenue reductions in excess of future revenue increases attributable to:

(1) future net decreases to taxes payable related to the tax effects of temporary differences accounted for under the flow-through method (future decreases in excess of future increases).

(2) the impact of tax rate decreases in excess of tax rate increases on net deferred tax liabilities (deferred tax liabilities in excess of deferred tax assets) for those temporary differences underlying its existing balance.

(3) the impact of tax rate increases in excess of tax rate decreases on net deferred tax assets (deferred tax assets in excess of deferred tax liabilities) for those temporary differences underlying its existing balance.

As net reductions occur in revenue, amounts recorded in this account shall be reduced with a debit entry and a credit entry to Account . 4340, Net Noncurrent Deferred Operating Income Taxes.

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance. If the cumulative effect of such adjustments reduces the account to a net debit balance, such balance shall be reclassified to Account 1437.

§ 32.4510 Capital stock.

(a) This account shall include the par value, stated amount, or in the case of no-par stock, the amount received for capital stock issued and outstanding.

(b) This account shall be charged with the book amount of any stock retired.

§ 32.4520 Additional paid-in capital.

(a) This account shall include the difference between the net proceeds (including discount, premium and stock issuance expense) received from the issuance of capital stock and the amount includable in Account 4510, Capital Stock unless such difference results in a debit balance for that class of stock, in which case the amount shall be charged to Account 4550, Retained Earnings.

(b) This account shall also include gains arising from the retirement and cancellation of capital stock. Losses from retirement and cancellation of capital stock shall be charged to this account to the extent that there exist credits in this account for the same class of stock; otherwise to Account 4550.

§ 32.4530 Treasury stock.

This account shall include the cost of the company's own capital stock which has been issued and subsequently reacquired but not retired or resold.

§ 32.4540 Other capital.

This account shall include amounts which are credits arising from the donation by stockholders of the company's capital stock, capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes. (See also Account 1401 Investment in Affiliated Companies.)

§ 32.4550 Retained earnings.

This account shall include the undistributed balance of retained earnings derived from the operations of the company and from all other transactions not includable in the other accounts appropriate for inclusion of stockholders' equity.

Subpart D - Instructions for Revenue Accounts

§ 32.4999 General.

(a) Purpose of revenue accounts. The revenue accounts are intended to include the actual cash inflows (or equivalents) that have or will occur as a result of the company's ongoing major or central operations during the period. They will include the revenues which arise from furnishing regulated telecommunications services to others, from directory advertising, rentals of telecommunications assets and from providing other services which are directly associated with the provision of regulated telecommunications services.

(b) Deductions from revenue. Corrections of overcharges, authorized refunds of over collections previously credited to revenue, authorized refunds and adjustments on account of failure in service, and other corrections shall be charged to the revenue account previously credited with the amounts involved.

(c) Commissions. Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account 6620 Customer Operations Services, and not to the revenue accounts.

(d) Revenue recognition. Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the term of related contract. Any amounts deferred shall be credited to Account 4360, Other Deferred Credits.

(e) Contractual arrangements. Charges and credits resulting from activities associated with the provision of regulated telecommunications services shall be recorded in a manner consistent with the nature of the underlying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreement shall be recorded in each prescribed revenue account. Settlement amounts shall be recorded in Account 5000, Basic Local Service Revenue, 5100, Long Distance Network Services Revenues, or 5200, Miscellaneous Revenue, as appropriate.

(f) Revenues from nontariffed activities offered incidental to tariffed services may be accounted for as regulated revenues, provided the activities are outgrowths of regulated operations and the revenues do not exceed, in the aggregate, one percent of total revenues for three consecutive years. Such activities must be listed in the Commission-approved Cost Allocation Manual for any company required to file a Cost Allocation Manual.

(g) Revenue accounts to be maintained.

<u>Account Title</u>	<u>Account</u>
Basic local service revenue	5000
Network access revenue	5080
End user revenue	5081
Switched access revenue	5082
Special access revenue	5083
State access revenue	5084
Long distance message revenue	5100
Miscellaneous revenue	5200
Nonregulated operating revenue	5280
Uncollectible revenue	5300

§ 32.5000 Basic local service revenue.

This account number shall be for revenues of the type and character listed below.

(a) This account shall include revenue derived from the provision of basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(b) Revenue derived from charges for nonpublished numbers or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5200, Miscellaneous Revenue.

(c) This account shall include total revenue derived from the provision of optional extended area service.

(d) This account shall include message revenue derived from cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

(e) This account shall include message revenue derived from general radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(f) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5200, Miscellaneous Revenues.

(g) This account shall include revenue derived from local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications). It includes revenue from subvoice grade, voice grade, audio and video program grade, digital transmission and local private network switching as well as the revenue from administrative and

operational support services associated with private network services and facilities, e.g., charges for company-directed testing, expedited installation, and service restoration priority.

(h) This account shall include revenue derived from tariffed information origination/termination plant. Included is revenue derived from the provision under leasing arrangements of tariffed customer premises equipment (CPE), terminal equipment, station apparatus and large private branch exchanges as well as tariffed nonrecurring charges related solely to station apparatus. Also included are all tariffed charges for customer premises activities and facilities not related solely to station apparatus.

(i) This account shall also include revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call completion services (excluding operator assisted basic long distance calls), as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

(j) This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreement for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account, they shall be recorded in the applicable account.

§ 32.5080 Network access revenue.

(a) This account number shall include revenue derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications service beyond the exchange carrier's network.

(b) Accounts 5081 through 5083 are for federally tariffed access charges while Account 5084 is to be used for state tariffed access charges.

§ 32.5081 End user revenue.

This account shall contain the federally tariffed monthly flat rate charge assessed upon end users.

§ 32.5082 Switched access revenue.

This account shall consist of federally tariffed charges assessed to interexchange carriers for access to local exchange facilities.

§ 32.5083 Special access revenue.

This account shall include all federally tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End User Revenue, and Account 5082, Switched Access Revenue.

§ 32.5084 State access revenue.

(a) This account shall include all state tariffed charges assessed by local exchange carriers upon interexchange carriers and end users access for access to local exchange network for intrastate telecommunications.

(b) Billing and collections services provided under exchange access tariffs shall be included in Account 5300, Miscellaneous Revenue.

§ 32.5100 Long distance message revenue.

(a) This account shall be used for revenues derived from message services that terminate beyond the basic service area of the originating wire center and are individually priced. This includes those message services which utilize the public long distance switching network and the basic subscriber access subscriber access line. It also includes those long distance calls placed from mobile and public telephones, as well as any charges for operator assistance or special billing directly related to the completion of a specific call. This account shall also include revenue derived from individually priced message services offered under calling plans (discounted long distance) which do not utilize dedicated access lines, as well as those priced at the basic long distance rate where a discounted toll charge is on a per message basis. Any revenue derived from monthly or one-time charges for obtaining calling plan services shall be included in this account.

(b) Companies shall use this account for revenues of the type and character listed below.

(c) This account shall include revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas or which permit the subscriber to place telephone calls from one location to other specified services areas. It shall also include revenue derived from toll calling plans which embody flat-rate or measured time toll service.

(d) This account shall include the revenue derived from long distance services which permit unidirectional calls to a subscriber from specified services areas (multipoint-to-point service). These calls require the use of dedicated access lines connecting a subscriber's premises and a designated central office. These dedicated access lines are generally separate from those required for the subscriber to place outward calls. The call is billed to the subscriber even though it is generally initiated by the subscriber's customer or correspondent.

(e) This account shall include revenue derived from long distance services which permit the subscriber to place telephone calls from one location to other specified service areas (point-to-multipoint service). These calls are completed without operator assistance and require the use of a dedicated access line. The dedicated access line is generally separate from those required for inward message services and cannot be used to place calls within the basic service area or calls outside the selected service areas.

Outward calls are screened and blocked to determine whether the calls are within an authorized service area.

(f) This account shall include revenue derived from services extending beyond the basic service area that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications).

(g) Service connection charges, termination charges, rearrangements and changes, etc., shall be included.

(h) This account which consists of revenue from narrow-band analog private network circuits and facilities furnished exclusively from record forms of communications, such as teletypewriter, teletypesetter, telewriter, ticker, Morse, signaling, remote metering, and supervisory services.

(i) This account consists of revenue from private network circuits and facilities (including multipurpose wide-band) which provide voice grade services for the transmission of analog signals. It includes revenue from services such as voice, data and telephoto communication, as well as remote metering, supervisory control, miscellaneous signaling and channels furnished for the purpose of extending customer-provided communications systems. It includes revenue from the provision of facilities between customer premises and a) a serving office, b) a carrier distribution point or c) an extension distribution channel,

(j) This account consists of revenue from private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and 1) a serving office, 2) a carrier distribution point or 3) an extension distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates.

(k) This account consists of revenue from private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast an educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and a) a serving office, b) a carrier distribution point or c) an extension distribution channel furnished in connection with such services. It also includes revenue from both the picture and sound portions of transmission for television program service when provided under a combined rate schedule.

(l) This account consists of revenue from the provision of circuits and facilities for the transmission of digital signals only.

(m) This account consists of revenue derived from the provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three (3) or more points in the network. Also included is revenue derived from the provision of basic switching and transfer arrangements used to connect private line channels.

(n) This account consists of revenue from administrative and operation support services associated with private network services and facilities, e.g., charges for company-directed testing, expedited installation, and service restoration priority. Also included is other private network services revenue not provided for in other accounts.

§ 32.5200 Miscellaneous revenue.

This account shall be used for revenues of the type and character listed below.

a) This account shall include revenue derived from alphabetical and classified sections of directories and shall also include fees paid by other entities for the right to publish the company's directories. Items to be included are:

- (1) All revenue derived from the classified section of the directories;
- (2) Revenue from the sale of new telephone directories whether they are the company's own directories or directories purchased from others. This shall also include revenue from the sale of specially bound telephone directories and special telephone directory covers;
- (3) Amounts charged for additional and bold face listings, marginal displays, inserts, and other advertisements in the alphabetical section of the company's telephone directories; and
- (4) Charges for unlisted and non-published telephone numbers.

(b) This account shall include revenues (including taxes when borne by the lessee) derived from the rental or subrental to others of telecommunications services rendered by the company. It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements.

(c) The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts.

(d) When land or buildings are rented on an incidental basis for non-telecommunications use the rental and expenses are included in Account 7300, Nonoperating Income and Expense.

(e) This account shall include revenue derived from services rendered to other companies under a license agreement, general service contracts, or other arrangement provided for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services

(f) This account shall include revenue derived from the provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

(g) This account shall include revenue derived from the performance of customer operations services for others incident to the company's regulated telecommunications operations which are not provided for elsewhere. (See also § 32.14(e) and 32.4999(e) of this part.)

(h) This account shall include revenue derived from contract services (plant maintenance) performed for others incident to the company's regulated telecommunications operations. This includes revenue from the incidental performance of nontariffed operating and maintenance activities for others

which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities.

(i) This account shall include the other incidental regulated revenue not provided for in other Revenues accounts. Such revenues to be included are:

(1) Collection overages (collection shall be charged to Account 6620, Customer Operations Services.)

(2) Unclaimed refunds for telecommunications services when not subject to escheats;

(3) Charges (penalties) imposed by the company for customer checks returned for nonpayment;

(4) Discounts allowed customers for prompt payment;

(5) Late-payments charges;

(6) Revenue from private mobile telephone services which do not have access to the public switched network; and

(7) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(j) Any definitely known amounts of losses of revenue collections due to fire or theft,

(1) at customers' coin-box stations,

(2) at public or semipublic telephone stations,

(3) in the possession of collectors en route to collection offices,

(4) on hand at collection offices, and

(5) between collection offices and banks shall be charged to Account 6720, General and Administrative Expense.

(k) This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

(l) This account shall include revenue derived from the provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

§ 32.5280 Nonregulated operating revenue.

(a) This account shall include revenues derived from a nonregulated activity involving the common or joint use of assets or resources in the provision of regulated and nonregulated products or services. Revenues from nontariffed activities offered incidental to tariffed services may be accounted for as regulated revenues, provided the activities are outgrowths of regulated operations and the revenues do not exceed, in the aggregate, one percent of total revenues for three consecutive years.

(b) This account shall be debited and regulated revenue accounts shall be credited at tariffed rates when tariffed services are provided to nonregulated activities that are accounted for as prescribed in § 32.23(c) of this subpart.

§ 32.5300 Uncollectible revenue.

This account number shall be used for revenues of the type and character listed below.

(a) This account shall be charged with amounts concurrently credited to Account 1181, Accounts Receivable Allowances-Telecommunications.

(b) This account shall be charged with amounts concurrently credited to Account 1190, Other Accounts Receivable, or to Account 1191, Accounts Receivable Allowance-Other, when such allowance is maintained.

Subpart E - Instructions for Expense Accounts.

§ 32.5999 General.

(a) Structure of the expense accounts.

(1) The expense section of the system of accounts shall be organized by account.

(2) Accounts shall be maintained as prescribed in this section subject to the conditions described in § 32.13 in Subpart B.

(b) Reimbursements. Reimbursements of actual costs incurred in connection with joint operations or projects, repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.

(c) Expense accounts to be maintained.

<u>Account Title</u>	<u>Account</u>
INCOME STATEMENT ACCOUNTS	
Network support expense	6110
General support expenses	6120
Furniture	
Central office switching expense	6210
Operators system expense	6220
Central office transmission expenses	6230
Information origination/termination expense	6310
Cable and wire facilities expenses	6410
Other property plant and equipment expenses	6510
Network operations expenses	6530
Access expense	6540
Depreciation and amortization expenses	6560
Marketing	6610
Sales	
Services	6620
Number	
Executive and planning	6710
General and administrative	6720
Provision for uncollectible notes receivable	6790

§ 32.6110 Network support expenses.

This account number shall be used for expenses of the type and character listed below.

(a) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

(b) This account shall include costs of fuel, lubrications, license and inspection fees, washing, repainting, and minor accessories. Also included are the costs of personnel whose principal job is operating motor vehicles, such as chauffeurs and shuttle bus drivers. The costs of users of motor vehicles whose principal job is not the operation of motor vehicles shall be charged to accounts appropriate for the activities performed.

(c) This account shall include such costs as aircraft fuel, flight crews, mechanics and ground crews, licenses and inspection fees, washing, repainting, and minor accessories.

(d) This account shall include such costs as fuel, licenses and inspection fees, washing, repainting, and minor accessories. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(e) This account shall be charged only with costs incurred in connection with the garage work equipment itself.

(f) This account shall be charged with costs incurred in connection with this work equipment itself.

§ 32.6120 General support expenses.

This account number shall be used for expenses of the type and character listed below

(a) This account shall include expenses associated with land and buildings (excluding amortization of leasehold improvements). This account shall also include janitorial service, cleaning supplies, water, sewage, fuel and guard service, and electrical power.

(b) The cost of electrical power used to operate the telecommunications network shall be charged to Account 6530, Network Operations Expense, and the cost of separately metered electricity used for operating specific types of equipment, such as computers, shall be charged to this expense account.

(c) This account shall include expenses associated with furniture and artworks.

(d) This account shall be charged only with costs incurred in connection with the office equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

(e) This account shall include costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of

preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning and maintaining data bases and application systems for general purpose computers. (See also Account 6720, General and Administrative.)

§ 32.6210 Central office switching expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with analog electronic switching.
- (b) This account shall include expenses associated with digital electronic switching.
- (c) This account shall include expenses associated with electro-mechanical switching.

§ 32.6220 Operator systems expense.

This account shall include expenses associated with operator systems equipment.

§ 32.6230 Central office transmission expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with radio systems.
- (b) This account shall include expenses associated with circuit equipment.

§ 32.6310 Information origination/termination expense.

This account number shall be used for expenses of the type and character listed below.

(a) This account shall include expenses associated with station apparatus. Expenses associated with company internal use communication equipment shall be recorded in Account 6120, General Support Expense.

(b) This account shall include expenses associated with large private branch exchanges. Expenses associated with company internal use communication equipment shall be recorded in Account 6120, General Support Expense.

(c) This account shall include expenses associated with public telephone terminal equipment.

(d) This account shall include expenses associated with other terminal equipment.

§ 32.6410 Cable and Wire facilities expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with poles.
- (b) This account shall include expenses associated with aerial cable.
- (c) This account shall include expenses associated with underground cable.
- (d) This account shall include expenses associated with buried cable.
- (e) This account shall include expenses associated with submarine cable.
- (f) This account shall include expenses associated with deep sea cable.
- (g) This account shall include expenses associated with intrabuilding network cable.
- (h) This account shall include expenses associated with aerial wire.
- (i) This account shall include expenses associated with conduit systems.

§ 32.6510 Other property, plant and equipment expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include expenses associated with property held for future telecommunications use.
- (b) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the annual or more frequent inventory of material and supplies.
- (c) Credits shall be made to this account for amounts transferred to construction and/or to plant specific operations expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge.

§ 32.6530 Network operations expense.

This account number shall be used for expenses of the type and character listed below.

- (a) This account shall include the cost of electrical power used to operate the telecommunications network.
- (b) This account shall include costs incurred in network administration. This includes such activities as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work.
- (c) This account shall include costs incurred in testing telecommunications facilities from a testing facility (test desk or other testing system) to determine the condition of plant on either a routine basis or prior to assignment of the facilities; receiving, recording and analyzing trouble reports; testing to determine the nature and location of reported trouble condition; and dispatching repair persons or otherwise initiating corrective action. (Note also § 32.5999(b)(3) of this subpart.)
- (d) This account shall include costs incurred in the general administration of plant operations. This includes supervising plant operations (except as specified in § 32.5999(a)(3) of this subpart); planning, coordinating and monitoring plant operations; and performing staff work such as developing methods and procedures, preparing and conducting training (except on-the-job training) and coordinating safety programs.
- (e) Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours.
- (f) This account shall include costs incurred in the general engineering of the telecommunications plant which are not directly chargeable to an undertaking or project. This includes developing input to the fundamental planning process, performing preliminary work or advance planning in connection with potential undertakings, and performing special studies of an engineering nature.
- (g) Credits shall be made to this account for amounts transferred to Construction accounts. These amounts shall be computed on the basis of direct labor hours.

§ 32.6540 Access expense.

This account shall include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provision of carrier's carrier access.

§ 32.6560 Depreciation and amortization expenses.

This account shall be used by for expenses of the type and character listed below.

This account shall include the depreciation expense of capitalized costs in Account 2001 and 2002.